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CENTRAL INTELLIGENCE AGENCY

REPORT NO.

INFORMATION REPORT

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COUNTRY Germany (Russian Zone)

DATE DISTR. 26 Sept. 1951

SUBJECT DDR Foreign Trade Notes

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SUPPLEMENT TO
REPORT NO.

1. Following is a list of items which have been released by the DDR for export in addition to the regular export plan for the fourth quarter of 1951. These items are to be sold to western countries in order to obtain the necessary hard currency to accomplish the DDR import plan.

	<u>In U. S. Dollars</u>
Enamel ware	30,000
Sewing machines	20,000
Geodetic instruments	5,000
Photographic and motion picture apparatus (Exakta)	120,000
Optical equipment	10,000
Motion picture cameras	40,000
Mirror reflector cameras	75,000
Other cameras	35,000
Calculating machines	50,000
Bookkeeping machines	15,000
Typewriters (standard carriage)	50,000
Miniature portable typewriters	20,000
TOTAL:	470,000 dollars

It is planned to sell the above items chiefly to customers in the U.S.A. and in England. Among the firms through which it is planned to dispose of the above items are the following:

The Standard Corporation,* New York City, and
Steamer and Company,* New York City.

Both of these firms have, in the past, bought large quantities of the above type of goods from the DDR.

2. Production in the DDR metal goods industry is not at capacity level because of shortages of raw materials. In view of the difficulties in importing these materials from the West, the DDR authorities are now marking time in expectation of sheet metal deliveries from Czechoslovakia as provided for in the DDR-Czech trade agreement. At the moment, the Soviet Union is making

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reparations orders. Tagalov and Tishenko of the Soviet Trade Delegation in Berlin recently stated that no more deliveries could be expected from the USSR until the current 22 million DM deficit in favor of the USSR within the 1951 DDR-USSR trade agreement was rectified. Both Tagalov and Tishenko visited the DDR Foreign Trade Ministry almost daily during the period 18 to 26 June 1951 for conversations regarding quantities and kinds of goods which the DDR might export to the USSR to eliminate the above deficit. These conversations, however, reportedly led to few concrete arrangements for additional exports to the USSR.

3. One of the groups used by the DDR for obtaining scarce goods in West Germany is the Kriegsveteranen Genossenschaft, located in Munich. This organization was reportedly established by the DDR Government or the Central Committee of the SED for precisely this purpose. It is composed mainly of ex-German officers wounded during the war. In DDR government circles, the above arrangement is, in the main, a well-kept secret. The head of the organization, (fna) Berschinger came to Berlin on 22 May 1951 and apparently left again about 10 July 1951. During this time he had extensive conferences with the responsible officials of the DDR Foreign Trade Ministry. Berschinger remarked at one point during his stay in Berlin that he proposed to arrange shipments of steel, sheet metal, and iron goods from West Germany to the DDR.
4. Tagalov recently complained to the DDR Ministry of Foreign Trade about the poor quality of goods delivered to the USSR by the Messingwerke Kopenick. **Responsible Ministry officials at once issued instructions that the quality of these products be improved.
5. In the DDR Ministry of Foreign Trade there have recently been discussions concerning the possibility of setting up more favorable import channels to the DDR through Finland. Talk in internal Ministry sessions has touched on the possibility of establishing special trading firms for this purpose. This step, it was admitted in these sessions, may have to be taken in view of the stricter control of shipments via the present routes used for imports to the DDR.
6. At a recent meeting of officials of the Foreign Trade Ministry, the following firms were named as being willing and able to buy DDR products for hard dollars:
 - a. Musical goods: Zenter,* Stockholm.
 - b. Hunting rifles: Callic,* Stockholm, and Standard Corporation,* New York City.
 - c. Metal and enamel ware: Fop and Morop,* Copenhagen.
 - d. Metal goods (sewing machines, needles, etc.): Mada or Mada,* Brussels.
 - e. Machines: Roco and Cardoce,* Amsterdam.
7. The construction of magnetophones in the DDR has been lagging since about the middle of May 1951. This production is intended for reparations and probably in part for regular export contracts, but the shortage of the necessary raw materials is hindering delivery. The Soviet Control Commission has demanded a resumption of full production as soon as possible in instructions to the Foreign Trade Ministry.
8. The 1951 plan of the DDR calls for the export of 21,000 tons of Buna for the USSR, but it is not anticipated that more than 18,000 tons will actually be exported.
9. The USSR has requested an additional 100,000 square meters of standard houses for 1951. The total originally agreed upon in 1950 was 500,000 square meters.
10. The Foreign Trade Ministry has recently released 500 cubic meters of pit props for the purpose of procuring from the West supplies of scrap iron (Bandeisen) needed for shipping goods to the USSR. The Ministry hopes to procure this iron from the firm of "R.W.G.", said to be in the Rhineland. ***
11. During the period 10 - 17 July 1951, a series of illegal deliveries of goods were made to the DDR, with vehicles crossing the zonal border near Sonneberg. The vehicles were of West German origin and bore West German license plates. The goods comprised sheet metal, wire, screws, silk, and wood, and the total value of the goods ordered was two million DM West. Illegal shipments are

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reportedly made almost daily along this route. The above shipment was arranged by local Sonneberg firms after obtaining permission from the Foreign Trade Ministry. The DDR Border Police, however, had not been informed and seized the whole shipment. The matter was finally cleared when a representative of the Ministry went to the police office in Berlin-Pankow and informed Gerpoleirat Hertel that the shipment was legal from the DDR point of view.

12. The DDR is now negotiating a trade contract with the Standard Corporation of New York City involving about eight million dollars.

The DDR is to deliver:

potash, 40%, 50%, and 60%,
sewing machines and needles,
BMW vehicles,
glass and earthenware,
musical instruments and toys,
paper and polygraph machines

Standard Corporation is to ship:

skins,
hides, and tobacco.

13. The DDR has been trying for some time to buy bronze wire in the West, to date without success. The plan is to sell Christmas tree decorations to Swiss customers and then to use the hard currency for buying the wire in West Germany. The wire would be shipped from West Germany via Switzerland to the DDR. The DDR is extremely interested in completing this deal and is still trying to consummate it.
14. The firm of Steiner in St. Gallen, Switzerland, intends to deliver steel to the DDR via Amsterdam and Rostock. Steiner is to see to it that the accompanying papers are falsified so that the shipment gets through. For this purpose, the destination is usually given as Spain or Palestine, and the goods are declared as something other than steel. The ship, after leaving port, destroys the papers and sails for Rostock.
15. The firm of Stahlwerk-Wittenruhr (sic)***** has, for some time, been successfully delivering sheet metal, steel, banding iron, etc., to the DDR and has often been able to procure items in short supply when the DDR was in particular difficulties.

[REDACTED] Comment: Not identified in available reference material.

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25X1A [REDACTED] Comment: The Messingwerke Köpenick is presumably identical with the Deutsche Messingwerke, Berlin-Niederschönhausen, now a VEB.

[REDACTED] Comment: Probably Roco & Cardozo N.V. Staalwade 4, Amsterdam

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[REDACTED] Comment: Possibly a parble of Walz und Rohrenwerke GmbH in Kaan Rheinland.

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[REDACTED] Comment: Among a number of other metal-processing firms in Witten, Ruhr, ABC Der Deutschen Wirtschaft for 1949 lists Gusstahlwerk Witten, A.G., Auestrasse 4.

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